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United Nations Industrial Development Organization ORIGINAL: ENGLISH

Programme and Budget Committee

Fourteenth session
Vienna, 9-11 September 1998
Item 3 of the provisional agenda

ANNOTATED PROVISIONAL AGENDA

Item 1. Opening of the session

In accordance with rule 17.2 of the rules of procedure (UNIDO/4), the fourteenth session of the Programme and Budget Committee will be opened by the Chairman of the Committee, Mr. J. P. G. Freeman (United Kingdom of Great Britain and Northern Ireland).

Item 2. Election of officers

In accordance with rule 17.1, each year, at the commencement of its regular session, the Committee shall elect from among the representatives of its members a Chairman and three Vice-Chairmen, and from among the delegations of its members a Rapporteur. Rule 17.3 also stipulates that the offices of the Chairman, the three Vice-Chairmen and the Rapporteur shall be subject to equitable geographical rotation within a five-year cycle in accordance with appendix A to the rules of procedure. According to that appendix, the Chairman of the fourteenth session should be elected from members of the Committee from Asian States included in List A of Annex I to the Constitution and the three Vice-Chairmen from the States in List B, List C and List D, respectively. The Rapporteur should be elected from members of the Committee from African States included in List A.

Item 3. Adoption of the agenda

A provisional agenda for the fourteenth session of the Committee, prepared by the Director-General in consultation with the Chairman of the Committee in accordance with rules 8 and 9 of the rules of procedure, is submitted to the Committee for adoption in document PBC.14/1.

Item 4. Report of the External Auditor, financial performance report and programme performance report for the biennium 1996-1997

In accordance with financial regulation 11.10, the reports of the External Auditor, together with the audited financial statements, shall be transmitted through the Committee to the Board in accordance with directions given by the Conference. The Committee shall examine the financial statements and the audit reports and submit recommendations to the Board, which shall forward them to the Conference with such comments as it deems appropriate.

The Committee in its conclusion 1987/19 requested the Director-General to submit each year to the Board through the Committee a clear and detailed financial performance report itemizing the utilization of financial resources, as well as a programme performance report describing the level of programme implementation. Subsequently, the Board at its seventh session (decision IDB.7/Dec.11), upon recommendation of the Committee, approved the incorporation of the programme performance report in the annual report. Likewise, the General Conference in its resolution GC.4/Res.2 requested the Director-General to fully incorporate in future annual reports the programme performance report according to

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Board decision IDB.7/Dec.11. Thus, the *Annual Report of UNIDO 1997* provides in two addenda the programme performance report for 1997.

Audit-related matters emanating from the Panel of External Auditors related to additional terms of reference governing external audit (see also item 7), special independent audits and reviews of activities, and Common Auditing Standards are brought to the attention of the governing bodies at the request of the External Auditor.

The Committee will have before it:

- Report of the External Auditor on the accounts of the United Nations Industrial Development Organization and of the Industrial Development Fund for the fiscal period 1996-1997 ended 31 December 1997 (PBC.14/3-IDB.20/3)

- Comments of the Director-General on the report of the External Auditor (PBC.14/9-IDB.20/10)

- Financial performance report for the biennium 1996-1997. Submitted by the Director-General (PBC.14/4-IDB.20/5)

- *Annual Report of UNIDO 1997* (including programme performance report for 1997) (PBC.14/10-IDB.19/10, Add.1 and Add.2)

- Note on audit-related matters. Submitted by the Secretariat (PBC.14/5-IDB.20/6)

- Common Auditing Standards of the Panel of External Auditors of the United Nations, the Specialized Agencies and the International Atomic Energy Agency (PBC.14/CRP.2)

Item 5. Financial situation of UNIDO

In decision IDB.19/Dec.5, the Board adopted the report of the open-ended discussion group on timely payment of assessed contributions (IDB.19/12 and Corr.1) and requested the Director-General, as agreed by the General Conference, to take forward the measures recommended therein. The Board invited the Director-General to report on a regular basis on the progress achieved in the settlement of arrears and in the timely payment of assessed contributions.

The Committee will have before it:

- Financial situation of UNIDO, including progress achieved in the settlement of arrears and in the timely payment of assessed contributions. Report by the Director-General (PBC.14/7-IDB.20/8)

Item 6. Programme and budgets, 1998-1999

In order to provide a measure of flexibility in implementing the programme of work, the General Conference allowed the Director-General to submit to the Board for consideration, within the limits of the approved programme and budgets and the financial regulations, proposals that he might judge beneficial for the proper functioning of the Organization (GC.7/Dec.16, para. (e)).

The Committee will have before it:

- Adjustments to the programme and budgets, 1998-1999. Proposals of the Director-General (PBC.14/6-IDB.20/7)

Item 7. Financial regulations

The intersessional working group on proposed amendments to the financial regulations was established by the Industrial Development Board in its decision IDB.16/Dec.9, to be chaired by a representative of the Member States. H.E. Mr. F. Mayrhofer-Grünbühel (Austria), Chairman, submitted a report to the eighteenth session of the Board, through the thirteenth session of the Programme and Budget Committee. At the eighteenth session of the Board, decision IDB.18/Dec.7 was adopted, in which the working group was requested "to continue its examination of financial regulations 4.2(b), 4.2(c), 4.3(c) and 5.2(d) under the chairmanship of ... and to report to the Committee at its fourteenth session".

After the departure of H.E. Mr. F. Mayrhofer-Grünbühel to a new posting, H.E. Ms. I. Freudenschuss-Reichl (Austria) was designated to chair the working group. A meeting to consider proposed amendments to financial regulations 4.2(b), 4.2(c), 4.3(c) and 5.2(d) was scheduled for 23 June 1998, but was postponed. With a view to reporting to the fifteenth session of the Committee, the group will take up its work in the fourth quarter of 1998.

At the request of the External Auditor, additional terms of reference governing external audit are being brought to the attention of the governing bodies with a suggested corresponding amendment to the financial regulations. Background information is provided in the document on audit-related matters emanating from the Panel of External Auditors.

The Committee will have before it:

- Annex to the financial regulations (PBC.14/5-IDB.20/6, chapters I and IV) (see also item 4)

- Financial Regulations of UNDO. Note by the Secretariat (PBC.14/CRP.1)

Item 8. Medium-term programme framework, 2000-2003

In accordance with General Conference decision GC.2/Dec.23 and as subsequently modified in decision GC.6/Dec.10, the Director-General is requested to submit to the Board in the first year of each fiscal period, through the Committee, a draft medium-term programme framework for the four years that follow the current fiscal period. Furthermore, in compliance with paragraph (b)(v)d of the same decision, the Director-General should also submit a preview of the biennium 2000-2001 indicating a general ceiling for that biennium.

In decision GC.7/Dec.15, paragraph (g), the General Conference decided that, in view of decision IDB.17/Dec.2 concerning the Business Plan on the Future Role and Functions of UNIDO and the programme and budgets, 1998-1999, as approved by the General Conference, the medium-term programme framework, 1998-2001 (IDB.16/23 and Add.1) was no longer applicable. The Conference requested the Director-General to submit to the fifteenth session of the Committee a revised medium-term programme framework, 2000-2003, as concise as possible and closely linked to the new programmatic framework of the programme and budgets. The Conference also requested the Director-General to present to the Board at its twentieth session a preview of the medium-term programme framework, 2000-2003, and a preliminary indicative general ceiling for the programme and budgets, 2000-2001.

The Committee will have before it:

- Preview of medium-term programme framework, 2000-2003, and preliminary indicative general ceiling for the programme and budgets, 2000-2001. Proposals of the Director-General (PBC.14/8-IDB.20/9)

Item 9. Industrial Development Fund and other voluntary contributions

In accordance with Article 17 of the Constitution, in order to increase the resources of the Organization and to enhance its ability to meet promptly and flexibly the needs of the developing countries, the Organization shall have an Industrial Development Fund (IDF) which will be financed through the voluntary contributions to the Organization provided for in Article 16, and other income as may be provided for in the financial regulations of the Organization. The Director-General shall administer IDF in accordance with the general policy guidelines governing the operations of the Fund that are established by the Conference, or by the Board acting on behalf of the Conference, and in accordance with the financial regulations of the Organization. Rules governing the financial management of IDF, which were prepared by the Director-General in accordance with the financial regulations, are contained in the Financial Rules of UNIDO (UNIDO/DG/B.74/Rev.1/Amend.1).

In accordance with Board decision IDB.4/Dec.30, the Director-General is to provide information as to the nature of projects financed from the Fund, indicating therein the projects financed from its general-purpose segment as well as information as to the projects financed from its special-purpose segment. In Programme and Budget Committee conclusion 95/5 and subsequently in Board decision IDB.14/Dec.3 the Director-General was requested to reflect information on trust fund contributions from Member States in the programme performance report.

The Committee will have before it:

- Industrial Development Fund. Estimated resource level and programme for 1999-2000. Report by the Director-General (PBC.14/2-IDB.20/4)

- Information on the nature of projects financed from the Industrial Development Fund, contained in the *Annual Report of UNIDO 1997* (PBC.14/10/Add.1-IDB.19/10/Add.1, appendix C)

- Information on the nature of projects financed from third party and self-financed trust funds, contained in the *Annual Report of UNIDO 1997* (PBC.14/10/Add.1-IDB.19/10/Add.1, appendix D)

- Lists of projects approved under the Industrial Development Fund in 1997 (PBC.14/CRP.3)

Item 10. Date of the fifteenth session

The following dates have been reserved for the policy-making organs of UNIDO in 1999:

19-23 April (tentative)	Programme and Budget Committee, fifteenth session
21-25 June (tentative)	Industrial Development Board, twenty-first session
29 November-3 December	General Conference, eighth session

Item 11. Adoption of the report

Item 12. Closure of the session